

## Message Text

CONFIDENTIAL

PAGE 01 STATE 001547

42

ORIGIN EA-14

INFO OCT-01 ISO-00 EB-11 RSC-01 SS-20 L-03 SPC-03 /053 R

66603

DRAFTED BY: EA/PHL-RTWILLNER

APPROVED BY: EB-WCARMSTRONG

EA/PHL-DCUTHELL

EB/ORF-JLKATZ

EA/EP-AGEBER

EB/ICD-JJINGERSOLL/HFWANNING

----- 019002

R 041626Z JAN 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

C O N F I D E N T I A L STATE 001547

STADIS////////////////////////////////////

E.O. 11652: GDS

TAGS: ETRD, EAGR

SUBJECT: SUGAR

REF:MANILA 13729

1. DEPARTMENT APPRECIATES EMBASSY'S ALERT INTEREST IN MOST COMPLETE POSSIBLE ACCESS ALL INFORMATION, OPINIONS, STATEMENTS, ETC. ON FUTURE U.S. SUGAR POLICY AND IS MINDFUL OF CRITICAL IMPORTANCE OF SUGAR LEGISLATION AND ITS INTERRELATIONSHIP WITH AER NEGOTIATIONS. COOPERATION AMERICAN CHAMBER COMMERCE IN DRAWING ATTENTION TO SUCH ITEMS IS ALSO NOTED. GIVEN THE EXTENT OF DOMESTIC CONCERN WITH FUTURE US SUGAR LEGISLATION, AND WIDELY DIFFERING VIEWS WITHIN US GOVERNMENT, INDUSTRY, TRADE, ACADEMIC CIRCLES, AND PUBLIC, COMING MONTHS ARE LIKELY SEE INCREASING VOLUME OF COMMENTARIES, SPEECHES, EDITORIALS, STATEMENTS, ETC. ON THIS SUBJECT. COMPLETE COVERAGE OBVIOUSLY NOT FEASIBLE, BUT PHILIPPINE DESK INSTITUTING REGULAR REVIEW WALL STREET JOURNAL, N.Y. JOURNAL OF COMMERCE, AND DEPARTMENT'S CONGRESSIONAL SUMMARY, AND WILL ENDEAVOR KEEP EMBASSY INFORMED ON MORE SIGNIFICANT  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 001547

ITEMS.

2. AS REGARDS GUIDANCE FOR DISCUSSION WITH SUGAR PRODUCERS, WE SEE NO ALTERNATIVE TO CANDID ACCOUNT OF DIFFERING VIEWS THAT ARE FINDING EXPRESSION DURING REVIEW OF US SUGAR POLICY. UNTIL THESE CONFLICTING VIEWS AND INTERESTS ARE SORTED OUT, A MEASURE OF UNCERTAINTY WILL BE INEVITABLE, AND WILL BE FELT AT LEAST AS STRONGLY BY THE INDUSTRY HERE AS IN THE PHILIPPINES. WE SEE NO POINT IN TRYING TO CONCEAL THIS FACT, AND THEREFORE SUGGEST FOLLOWING APPROACH.

A. DEPARTMENT IS FULLY AWARE OF IMPORTANCE OF PHILIPPINE ACCESS TO US SUGAR MARKET. IT IS CLEAR THAT MANY GROUPS IN THE US, NOTABLY AMONG THE INDUSTRIAL USERS OF SUGAR AND DOMESTIC PRODUCERS, SHARE THE PHILIPPINE INTEREST IN A SYSTEM THAT MAINTAINS PRICE AND SUPPLY STABILITY AS MUCH AS POSSIBLE.

B. ON THE OTHER HAND, MANY PEOPLE QUESTION THE WISDOM FOR EITHER SIDE OF ONE NATION'S BEING SO DEPENDENT ON ANOTHER IN A KEY COMMODITY. MOREOVER, SOME OF THOSE WHO MUST ADMINISTER THE CURRENT SYSTEM, AS WELL AS MANY OTHERS, ARE CONSTANTLY REMINDED OF THE ECONOMIC DISTORTIONS AND INEQUITIES INHERENT IN ATTEMPTS TO REGULATE THE MARKET AS IS PRESENTLY DONE. SUCH PEOPLE POINT OUT THAT THE PRESENT SITUATION OF RELATIVE SHORTAGE IN THE WORLD SUGAR MARKET WOULD MAKE THE PROCESS OF ADJUSTMENT TO A NON-REGULATED MARKET FAR LESS PAINFUL FOR THE PRODUCERS THAN IT WOULD BE AT ANOTHER TIME.

C. THESE ARE SOME OF THE MAJOR CONSIDERATIONS BEING TAKEN INTO ACCOUNT AT PRESENT, AND IT SHOULD BE NOTED THAT WHAT-EVER STATEMENTS MAY HAVE BEEN MADE BY VARIOUS INDIVIDUALS, ADMINISTRATION POLICY REGARDING FUTURE REGULATION OF THE SUGAR MARKET HAS NOT BEEN DECIDED UPON, REPEAT HAS NOT YET BEEN DECIDED UPON.

3. FYI PHILIPPINE EMBASSY PRESENTED NOTE, DECEMBER 18, (POUCHED) REGISTERING CONCERN OVER CALCAGNINI SPEECH, PREDICTING THAT ABOLITION OF QUOTAS WHICH HE RECOMMENDED WOULD "CAUSE SERIOUS DISRUPTION IN THE PHILIPPINE SUGAR INDUSTRY, LESSEN ITS DOLLAR EARNINGS, AND PERHAPS DRIVE THE COUNTRY TO INCREASE ITS DEPENDENCE ON FOREIGN ASSISTANCE." NOTE EXPRESSES HOPE THAT  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 001547

USG "WILL BE ABLE TO TAKE THE APPROPRIATE STEPS DEMENDED BY THESE DEVELOPMENTS AND GIVE DUE CONSIDERATION TO THE PHILIPPINE POSITION."

4. NOTE APPEARS BASED ON ASSUMPTION THAT PHILIPPINE SUGAR UNABLE TO COMPETE IN WORLD MARKET, AND THAT LOSS OF SALES TO US WOULD NOT BE COMPENSATED BY SALES ELSEWHERE, DESPITE CURRENT STATE OF MARKET. WE RECOGNIZE, HOWEVER, THAT PHILIPPINE CONCERNS WITH

STABILITY OF MARKET AND DESIRE FOR CONTINUED EVIDENCE OF  
US SUPPORT ARE CONSIDERATIONS WHICH MUST BE TAKEN INTO ACCOUNT  
IN OUR RELATIONSHIP. THEREFORE, DEPARTMENT PLANS ACKNOWLEDGEMENT  
OF NOTE, INCLUDING AGREEMENT TO GIVE DUE CONSIDERATION TO  
PHILIPPINE ARGUMENTS, BUT NO FURTHER SUBSTANTIVE REPLY, AT  
LEAST FOR PRESENT.  
KISSINGER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN RELATIONS, SUGAR, IMPORT QUOTAS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 JAN 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** smithrj  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE001547  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** RTWILLNER  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** n/a  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740161/aaaacfvx.tel  
**Line Count:** 122  
**Locator:** TEXT ON-LINE  
**Office:** ORIGIN EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** STADIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** STADIS  
**Reference:** ANILA 13729  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** smithrj  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07-Aug-2002 by martinml>; APPROVED <19-Nov-2002 by smithrj>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SUGAR  
**TAGS:** ETRD, EAGR, RP, US  
**To:** MANILA  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005